

**ANNUAL
REPORT
1949**
100 YEARS OF SERVICE



1849



1949

BOARDS

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C 3332

JERSEY CENTRAL LINES



The BIG Little Railroad

JERSEY CENTRAL LINES

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY
CENTRAL RAILROAD COMPANY OF PENNSYLVANIA

MAP OF SYSTEM AND
CONNECTING LINES
1950

SCALE 0 5 10 20 MILES

LEGEND:

- THE C.R.R. CO. OF N.J. OWNED, CONTROLLED AND OPERATED LINES.
- LINES OPERATED IN WHICH THE C.R.R. CO. OF N.J. HAS A SUBSTANTIAL INTEREST. THE NEW YORK AND LONG BRANCH RAILROAD COMPANY. BAY SHORE CONNECTING RAILROAD COMPANY.
- C.R.R. CO. OF PA. OWNED, CONTROLLED AND OPERATED LINES.
- C.R.R. CO. OF PA. TRACKAGE RIGHTS.
- LINES NOT OPERATED IN WHICH THE C.R.R. CO. OF N.J. HAS A SUBSTANTIAL INTEREST. THE LEHIGH AND HUDSON RIVER RAILWAY COMPANY. RARITAN RIVER RAILROAD COMPANY.
- THROUGH CONNECTIONS.
- OTHER RAILROADS.



ANNUAL REPORT

For the year ending December 31, 1949

THE **BIG** LITTLE RAILROAD

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THE COVER:

Shows the great progress in railroad locomotive power since the birth of The Central Railroad Company of New Jersey 100 years ago. At the top is the railroad's first locomotive, the "Eagle," a wood-burning steam engine. At the bottom is one of the Jersey Central Lines' huge 4,500-horsepower Diesel-electric freight locomotives.



The giant ocean liner Queen Mary passes before our Jersey City Terminal enroute to England. Saluting the liner as it heads seaward is a Jersey Central Lines ferry.

Jersey Central Lines

Directors

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY

Roy B. White, *Chairman*
Revelle W. Brown
J. Hamilton Cheston
William V. Griffin
John W. Kress
Frank C. La Grange
Earl T. Moore
Fred N. Oliver
William I. Woodcock, Jr.

CENTRAL RAILROAD COMPANY OF PENNSYLVANIA

Percy A. Brown
Revelle W. Brown
James D. Carpenter, Jr.
Edward J. Fox, Jr.
John W. Kress
Horace Lehr
Earl T. Moore
Joshua A. Rich, IV
Andrew J. Sordoni
J. L. Stackhouse
Robert A. Young

WHARTON AND NORTHERN RAILROAD COMPANY

Carl W. Badenhausen
Revelle W. Brown
Ludwig R. Dohm
William Kohler
Judson C. McLester, Jr.
Earl T. Moore
Arthur C. Tosh

JERSEY CENTRAL TRANSPORTATION COMPANY

William Kohler
Earl T. Moore
Arthur C. Tosh
Harry E. Yerkes

General Offices

143 LIBERTY STREET
NEW YORK 6, N. Y.

Officers

PRESIDENT:

EARL T. MOORE

VICE PRESIDENT AND GENERAL MANAGER:

ARTHUR C. TOSH

GENERAL COUNSEL:

JUDSON C. MCLESTER, JR.

CHIEF FREIGHT TRAFFIC OFFICER:

DON Y. SMITH

PASSENGER TRAFFIC MANAGER:

HARRY E. YERKES

CHIEF ACCOUNTING OFFICER:

RALPH E. THOMPSON

SECRETARY AND TREASURER:

WILLIAM KOHLER

CHIEF ENGINEER:

SYDNEY L. MAPES

PURCHASING AGENT:

ESPY A. WORKMAN

PROPERTY MANAGER:

PHILIP M. PARKER

MEDICAL DIRECTOR:

IRA GOLDOWSKY, M.D.

Jersey Central Lines

The Central Railroad Company of New Jersey
Central Railroad Company of Pennsylvania

Wharton and Northern Railroad Company
Jersey Central Transportation Company

Financial results for the year

	As Reported		After Elimination of Non-Recurring Items	
	1949 (1)	1948 (2)	1949 (3)	1948 (4)
The Lines received from freight, passenger and miscellaneous operation, a total income of	\$54,579,257	\$64,089,457	\$54,579,257	\$64,089,457
The cost of maintaining the property and operating the Lines was	44,977,201	51,301,869	44,852,314-A	50,536,232-C
Leaving a balance from operations of	\$ 9,602,056	\$12,787,588	\$ 9,726,943	\$13,553,225
Federal, State and Local taxes required	5,341,469	5,564,857	5,341,469	5,564,857
Leaving a balance of	\$ 4,260,587	\$ 7,222,731	\$ 4,385,474	\$ 7,988,368
The Lines paid to other companies for hire of equipment and use of joint facilities in excess of the amount received by them from these sources	268,900	508,235	268,900	508,235
Leaving a net operating income of	\$ 3,991,687	\$ 6,714,496	\$ 4,116,574	\$ 7,480,133
Other income derived from investments in stocks, bonds and miscellaneous items was	621,841	3,143,555	621,841	981,632-D-E
Making a total income of	\$ 4,613,528	\$ 9,858,051	\$ 4,738,415	\$ 8,461,765
Interest on equipment trust certificates and funded debt, rents paid for leased railroads and miscellaneous deductions totaled	5,459,730	14,524,206	4,300,749-A-B	5,038,387-E
Resulting in a net of	\$ 2846,202	\$4,666,155	\$ 437,666	\$ 3,423,378
"Available Net Income" as defined in the General Mortgage	None			

Substantial Non-recurring debits and credits eliminated from Cols. 3 and 4

A Expenses in Connection with Reorganization	Dr. \$ 882,422
B Interest for first half of year 1949 adjusted to rate effective 7/1/49	Dr. 401,446
C Retirement Newark Branch, Shrewsbury Drawbridge and Jersey City Property	Dr. \$ 765,627
D Cancellation Insurance Reserve Fund and Taxes on Jersey City Property	Cr. 1,983,329
E Settlement of New Jersey State Tax Claim	Dr. 9,307,225

Denotes deficit.

Jersey Central Lines

The Central Railroad Company of New Jersey
Central Railroad Company of Pennsylvania

Wharton and Northern Railroad Company
Jersey Central Transportation Company

Condensed Consolidated Balance Sheet

(Inter-Company Items Eliminated)

(Thousands of dollars)

	December 31, 1949	December 31, 1948	Increase or Decrease
<i>Assets</i>			
Investment in land, railroad tracks, terminal facilities, shops, locomotives, freight and passenger cars and other fixed property	\$173,101	\$172,140	\$ 961
Less depreciation and amortization	47,149	46,767	382
Investment in transportation property less depreciation and amortization	\$125,952	\$125,373	\$ 579
Investment in stocks, bonds, notes of affiliated companies and other investments	10,866	13,813	2,947
Capital and reserve funds, maintenance funds and miscellaneous physical properties	1,180	3,237	2,057
Total Investments	\$137,998	\$142,423	\$ 4,425
Cash and special deposits	\$ 5,215	\$ 6,407	\$ 1,192
Temporary investments in U. S. Government bills and certificates of indebtedness	710	2,555	1,845
Other railroads and others owed the Lines	5,891	7,094	1,203
Fuel, rails, ties, bridge material and other supplies necessary for keeping road and equipment in good order	4,666	4,649	17
Deferred assets and unadjusted debits including items owed to but not yet available to the Lines	3,981	4,013	32
Grand Total	\$158,461	\$167,141	\$ 8,680
<i>Liabilities</i>			
Capital Stock	\$ 22,896	\$ 27,437	\$ 4,541
General mortgage bonds, equipment obligations and interest certificates	70,249	60,586	9,663
Amounts owed for materials, supplies, wages, and balances to other railroad companies and others, and interest and rents accrued but not due	8,751	8,525	226
Taxes accrued but not due	762	841	79
Reserve for insurance and deferred maintenance		357	357
Interest in default on bonds		16,707	16,707
Deferred liabilities including items due to others, but not yet adjusted	1,451	1,383	68
Surplus	54,352	51,305	3,047
Grand Total	\$158,461	\$167,141	\$ 8,680

1949—A Memorable Year

The year 1949 was a memorable one for the Jersey Central Lines—it marked the end of a ten-year period of bankruptcy for The Central Railroad Company of New Jersey, parent company of the Lines, and also the 100th anniversary of the founding of the same company.

It was on April 23, 1849, that The Central Railroad Company of New Jersey came into being. The name was adopted shortly after the merger of two small predecessor roads—the Somerville and Easton Railroad and the Elizabethtown and Somerville Railroad.

The return of The Central Railroad of New Jersey to corporate management occurred on October 1, when the Federal Court at Newark, N. J., ended a bankruptcy that had started on October 30, 1939, by releasing the properties

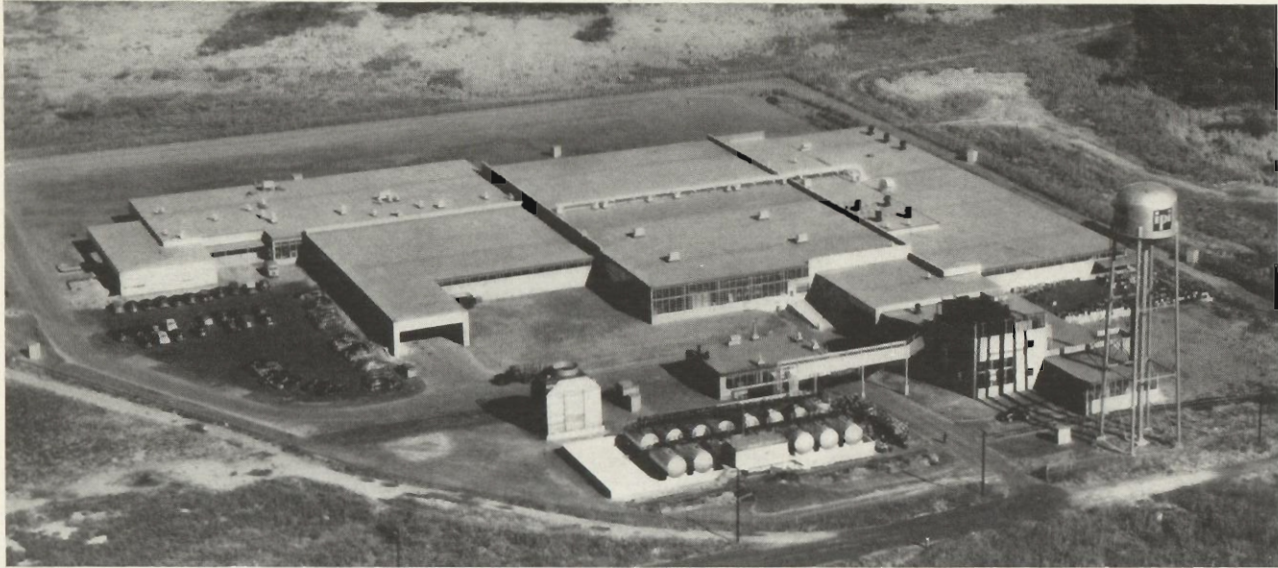
to the Company subject to the provisions of the Plan of Modification approved by security holders and authorized by the Interstate Commerce Commission in July, 1949.

The general effect of the Plan was:

1. To replace outstanding 4 and 5% bonds with 3 $\frac{1}{4}$ % bonds.
2. To issue \$10,739,925 principal amount of Non-Interest Bearing Interest Certificates with no maturity date, to be retired only with funds available from specified sources.
3. To issue 183,547 shares of new stock (Class A) to bondholders and reclassify outstanding common stock as Class B.



A "Key of Freedom" is presented to President E. T. Moore by Judge Walter P. Gardner at an October 3 ceremony marking the end of The Central Railroad Company of New Jersey's ten-year period of bankruptcy. Looking on is Mr. Theodore D. Parsons, Attorney General of the State of New Jersey.



This is the new International Printing Ink plant recently constructed along our lines at Elizabeth, N. J., at a cost of \$2,500,000.

4. To specify the voting rights of each class of common stock to elect a Board of Directors of nine members.

5. To restrict the use of available net income to specified purposes.

6. To provide for cash working capital of \$4,000,000 and the creation of a fund (capital fund) not to exceed \$2,500,000 for capital expenditures and certain other purposes.

7. To provide for the disposition of any refunds for overpayment of any Federal income taxes and of the proceeds from the sale of Elizabeth meadow property.

The details of this Plan are more fully set forth under "Summary of the Plan of Reorganization" starting on page fourteen of this report.

Freight Traffic

The petitions filed with the Interstate Commerce Commission by all railroads during October, 1948, for further general increases in freight rates resulted in Interstate Commerce Commission authorization of an interim increase of 6% effective January 11, 1949. Final decision by the Interstate Commerce Commission in this proceeding, designated as Ex Parte 168, authorized an additional increase of 4% effective August 11, 1949. These two increases

produced additional revenue of about \$2,875,000 on the traffic handled during 1949.

The traffic volume of the Jersey Central Lines during 1949 and the first quarter of 1950 was sharply curtailed by the industry-wide strikes in coal and steel, as well as extended strikes in several other major industries local to our lines. It is hoped that the settlement of these labor disputes will be followed by a period of industrial stabilization, resulting in an improvement in the traffic volume.

On December 29, 1949, the Interstate Commerce Commission, by a six to four decision, dismissed our petition for increased allowances for carfloatage and lighterage services in New York Harbor. By this action the Commission reversed its former action and nullified its order of October 11, 1948, authorizing a change in the division of the through freight rates to provide an increase in the allowance for lighterage and carfloatage services performed by all New York Harbor lines. By a series of orders the Commission suspended the effective date of its original decision so that the increases authorized on October 11, 1948, did not actually become effective. The Central Railroad Company of New Jersey will petition the Interstate Commerce Commission for reconsideration of this case.

The unfavorable economic conditions existing during most of 1949 adversely affected expansion and development of industries along

our line. Nevertheless, 47 new industries located along the Jersey Central Lines during 1949 and it is anticipated that these new industries, together with expansion during 1949 of several existing industries, will produce increased freight traffic of more than 4,500 carloads yearly.

The new International Printing Ink plant at Elizabeth, N. J., constructed at a cost of \$2,500,000, now is in full production. Ciba States, Limited, has acquired approximately 1,200 acres of property in Dover Township, near Toms River, N. J., where it will erect a \$20,000,000 plant for the manufacture of organic intermediates, dyes and other chemicals.

Passenger Traffic

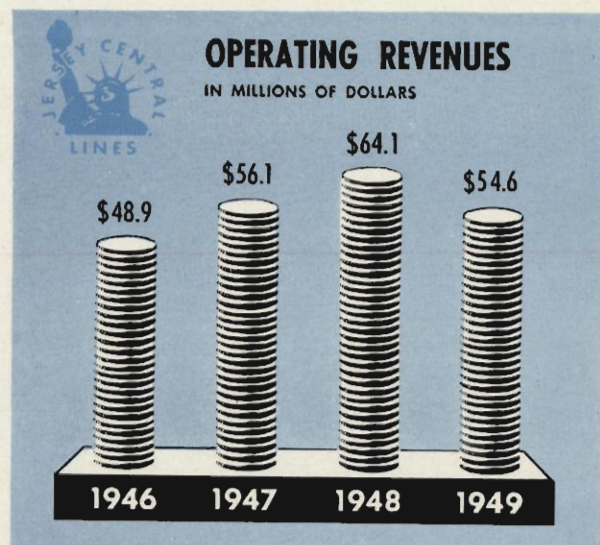
The increasing deficits in passenger train operations continue to be one of the major economic problems of your Company. This same situation prevails on many Eastern railroads in varying degrees depending largely on the ratio of commuter traffic to the total passenger traffic.

TREND OF REVENUE AND EXPENSE FROM PASSENGER SERVICE JERSEY CENTRAL LINES

Revenues and expenses assigned to passenger service as reported to the Interstate Commerce Commission in accordance with I.C.C. regulations for the years 1929, 1940 and 1949 were as follows:

	(Thousands of Dollars)		
	1929	1940	1949
Gross Revenue . . .	\$11,574	\$5,562	\$ 8,187
Operating expenses related solely to passenger service	10,139	7,551	10,819
Balance for "com- mon" expenses ..	\$ 1,435	\$1,989 [#]	\$ 2,632 [#]
Operating expenses "common" to both freight and pas- senger appor- tioned to passen- ger service	2,696	1,620	4,570
Net Revenue before taxes and fixed charges	\$ 1,261 [#]	\$3,609 [#]	\$ 7,202 [#]

[#] Indicates deficit.



It is generally agreed that railroad transportation is the only practicable means of providing essential service for commuters. We believe that private enterprise should continue to furnish railroad transportation. With this objective it shall be our policy to carry out the following program to the fullest extent possible:

1. Continually strive to reduce costs.
2. Endeavor to obtain compensatory rates for the handling of U. S. Mail.
3. Endeavor to persuade the Post Office Department to get out of the express and less carload freight business.
4. Endeavor to establish and maintain such passenger fares as will yield maximum revenues under existing competitive conditions.
5. Endeavor to obtain some relief from the payment of taxes on property and facilities used in commuter passenger operations.
6. Endeavor to bring about more equitable treatment by State and Federal Governments, including regulatory bodies, for all forms of passenger transportation.

This program obviously cannot be carried out solely through the efforts of the Management of your Companies. The support and assistance of public opinion is essential for realization of many important elements in the program.

The increase in commutation fares, effective March 27, 1949, was challenged by an Examiner of the Interstate Commerce Commission in a proposal filed in November, 1949. The Interstate Commerce Commission rejected this proposal on March 6, 1950. On the same date the Public Utility Commission of New Jersey fixed intrastate commutation fares for other carriers at the lower rates proposed by the Interstate Commerce Commission Examiner and at the same time announced that it would order a rehearing as to the intrastate commuter fares in effect on the Jersey Central since March, 1949. We do not know what the outcome of this proceeding by the Commission will be.

We participated in the general increase of 12½% in basic passenger fares for all Eastern railroads, which became effective on November 28, 1949, for interstate traffic and on December 23, 1949, for intrastate traffic in the State of New Jersey. These increased fares have not been in effect long enough to reach any conclusions as to their effect on traffic or revenues.

Dieselization

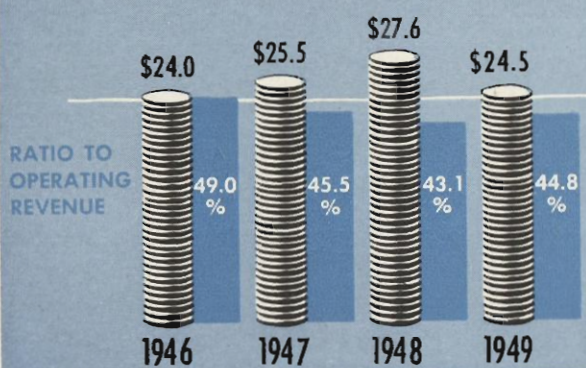
We are continuing our program of replacing steam with Diesel-electric locomotives. We expect delivery of 24 additional Diesel-electric locomotives during the second quarter of 1950 to replace 47 steam locomotives having an average age of more than 35 years. With the acquisition of these additional locomotives, we will have 105 Diesel-electric units on the Jersey Central Lines as follows:

No. of Units	H.P.	Class
6	2000	Road Passenger
12	1600	General Utility
30	1500	Heavy Road Freight
14	1500	General Utility
4	1200	Switchers
5	1000	General Utility
15	1000	Switchers
6	660	Switchers
12	600	Switchers
1	300	Switcher

OPERATING EXPENSES:

TRANSPORTATION

IN MILLIONS OF DOLLARS



The general progress and degree of dieselization is reflected in the following statistics:

Handled by Diesel-electrics

December

1949 1948

Freight Gross Ton Miles	79.8%	70.6%
Passenger Car Miles	42.0%	29.3%
Yard Engine Hours	47.6%	41.5%

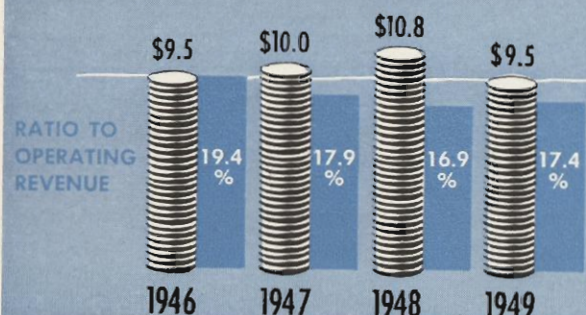
Construction Work and Improvements

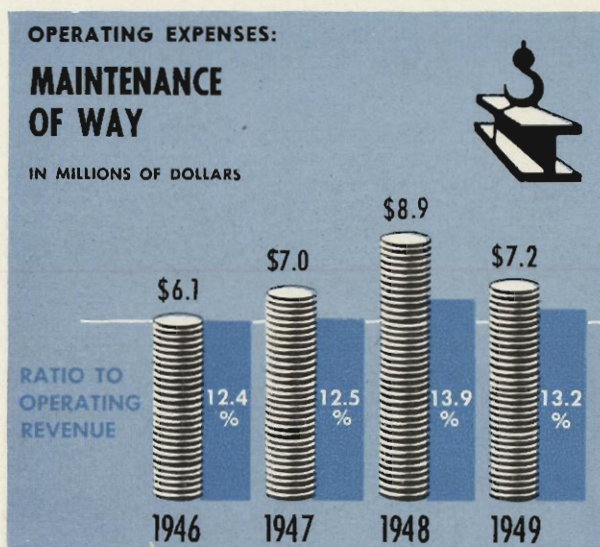
Rebuilding of 6-track main line bridges over Linnet Street and Broadway, Bayonne, N. J.,

OPERATING EXPENSES:

MAINTENANCE OF EQUIPMENT

IN MILLIONS OF DOLLARS





was completed during 1949 at a cost of \$590,000.

Diesel-electric service and repair facilities at our Locomotive Erecting Shop, Elizabethport, N. J., were completed early in 1950 at a cost of \$900,000.

Existing facilities for the thawing of frozen coal at the Pier 18 coal dumpers in Jersey City, N. J., were completely renovated and improved steam lancing facilities, accommodating 26 cars, were rebuilt. An additional thaw shed, with a capacity of 12 cars, was constructed. The steam generating capacity of the power house was increased by 7% by the installation of Coxe Stokers on two boilers. These improvements and additional facilities, provided at a cost of approximately \$200,000, enable us to continue to furnish satisfactory service in the handling of an increasingly high ratio of the total coal tonnage trans-shipped in New York Harbor.

The program of substituting automatic crossing gates for other forms of crossing protection at various grade crossings is being continued.

Four new 3-track, 17-car capacity carfloats were acquired during 1949 at a cost of \$684,177, replacing four worn-out obsolete carfloats.

Retirements and Abandonments

During the year we abandoned 4.33 miles of single track line at the end of the Cumberland and Maurice River Branch. This line originally extended to Bivalve, N. J., where we maintained piers and wharves leased to oyster shippers. For some years oysters have been shucked at Bivalve and transported in cans and the little remaining business has been moving entirely by refrigerated truck over public highways for several years.

Interlocking plants at Lorraine and Bloomsbury, N. J., were retired and the interlocker at the former junction with the Newark and New York branch at Communipaw, Jersey City, now is being retired.

Newark Airport—New Jersey Turnpike

The New Jersey Turnpike toll highway is being constructed parallel to the right-of-way

NET TON MILES	
1946	2,813,000
1947	2,938,000
1948	2,932,000
1949	2,220,000

GROSS TON MILES PER TRAIN HOUR	
1946	32,031
1947	36,653
1948	38,956
1949	39,458



Where The Central Railroad Company of New Jersey and the Central Railroad Company of Pennsylvania meet at State Line Junction on the Delaware River. The view, looking eastward from Easton, Pa., to Phillipsburg, N. J., shows CNJ-CRP tracks in the center, Lehigh and Hudson River Railway Company tracks on the left and Lehigh Valley Railroad Company tracks on the right.

of the Perth Amboy Branch and the Elizabethport and Newark Branch for a distance of approximately 12 miles. Between Elizabethport and Newark Airport this Turnpike will be on property owned by The Central Railroad Company of New Jersey and subsidiaries. Extensive track changes, including connections with industries and elimination of important grade crossings, will be carried out in connection with this project, without expense to your Company.

Negotiations are progressing for the sale to

the Port of New York Authority of approximately 800 acres of property owned by The Central Railroad Company of New Jersey and subsidiaries in the Elizabeth meadows to enlarge the Newark, N. J., Airport. We recently entered into a contract with the Port of New York Authority and the Authority has taken possession of the lands which it proposes to acquire and has commenced the extension of certain of the Newark Airport runways. The Port Authority commenced condemnation proceedings on March 16, 1950, and under the contract it will pay all taxes accruing from March 7, 1950, and interest upon the amount of the condemnation award at 6% a year from March 7, 1950, until payment of the award.

	GROSS TONS PER TRAIN MILE	
1946	2,782	
1947	2,889	
1948	3,006	
1949	2,923	

Real Estate Sales and Leases

During the past year 26 parcels of real estate comprising several small buildings and about 43 acres of land were sold for a total of \$211,875.

Following the policy of the past several years of disposing of excess stations grounds, we



This is typical of what municipalities are doing with passenger station grounds taken over under long-term leases. It is a part of the automobile parking facilities and the park built by the Town of Westfield at our westbound Westfield Station, which is in the background.

leased to municipalities four more station properties at an annual tax saving of \$7,230. During the last three years, through sales and leases of such excess grounds, we have reduced our annual taxes by about \$21,000, and, in addition, realized \$170,620 from sales.

Compensation for Handling United States Mail

The basic rates in effect for railroad transportation of United States mail were established August 1, 1928. The only adjustment in more than twenty years was a 25% interim increase authorized by the Interstate Commerce Commission on December 4, 1947, retroactive to February 19, 1947.

The railroads filed a petition with the Interstate Commerce Commission for a 45% increase

in railway mail pay rates on February 19, 1947. This petition was amended on June 24, 1948, to provide for a requested increase of 65%, on March 24, 1949, to provide for a requested increase of 80%, and on December 30, 1949 to provide for a requested increase of 95%; the requested increases to apply from February 19, 1947.

The 25% interim increase authorized by the I.C.C. on December 4, 1947, was granted upon a motion filed by the railroads on July 14, 1947, requesting a flat 35% interim increase. On March 31, 1949, the railroads filed a motion for a 35% additional interim increase which was denied by the Commission on March 14, 1950.

Even with the 25% interim increased rates now in effect, the out-of-pocket labor expense of The Central Railroad Company of New Jersey for handling United States mail in Jersey City Terminal exceeds by approximately 20% the total compensation the Post Office Department pays that Company for the handling and transportation of mail on its entire railroad.

With the large subsidies paid by the Post Office Department to the Airlines for transporting United States mail, it is ironical that the railroads should be required to subsidize the United States Government by handling mail at very much less than compensatory rates.

In addition, the Post Office Department regulations prescribing weight and size of packages, coupled with the failure to increase parcel post rates to reflect increased costs over the past ten years, have resulted in unfairly favoring parcel post as a method of transporting many commodities which otherwise would be transported by express companies or railroad less-carload freight if the rates charged for parcel post were not so much less than compensatory. The result is that the railroad subsidizes the Post Office Department so it can continue rates and regulations which divert traffic formerly handled by railroads and express companies at compensatory rates. This is without doubt the worst of many gross inequities in competitive forms of transportation brought about by Governmental policies, regulations and subsidies.



This picture, taken at our Jersey City Terminal, gives a conservative presentation of the large-size packages now being sent regularly by U. S. Mail.

Natural Gas Pipeline Competition

Natural gas from the Southwest is becoming an important competitive fuel for both industrial and domestic uses in Northern New Jersey and in the New York metropolitan area. In 1946 the so-called "Big Inch" pipeline, originally constructed to transport oil to the Eastern Seaboard during World War II, was converted to a natural gas carrier. In 1949 the Transcontinental Gas Pipe Line Corporation began construction of a natural gas transmission line from Texas to the New York metropolitan area. We are advised that transmission through this line will commence in December, 1950, and that other similar lines are under construction or in contemplation.

These pipelines likely will have a further adverse effect upon the rail traffic of your Companies by adding to the substantial inroads on the use of fuel coal in the Eastern Seaboard area which already have been made by fuel oil, but the extent cannot now be accurately predicted.

New Jersey and Federal Tax Claims

On January 24, 1950, your Companies received a refund of Federal income taxes for the years 1943 and 1944 aggregating \$2,473,101. Under the provisions of the Sixth Supplemental Indenture discretion was vested in the Board of Directors to apply this refund in whole or in part either:

- (1) to build up cash working capital to an amount not in excess of \$4,000,000;
- (2) to build up the Capital Fund to an amount not in excess of \$2,500,000, or
- (3) to retire Interest Certificates.

By action of the Board of Directors \$1,092,440 was allocated to build up cash working capital to the prescribed amount of \$4,000,000; \$690,330 was allocated to and has been deposited in the Capital Fund, and \$690,331 was allocated to retirement of Interest Certificates.

The monies so deposited in the Capital Fund will be used for the necessary down payments on the purchase of new Diesel-electric locomotives and covered hopper cars to be acquired

by The Central Railroad Company of New Jersey and Central Railroad Company of Pennsylvania to the extent that monies may not be otherwise available for that purpose, and the \$690,331 allocated for the retirement of Interest Certificates was used to purchase principal amounts of Interest Certificates.

On October 17, 1949, the Supreme Court of New Jersey affirmed the decision of the Superior Court in favor of the State on the Company's appeal of its franchise tax assessment for the year 1946. An appeal was taken to the Supreme Court of the United States but, upon motion of the Attorney General of New Jersey, was dismissed on February 6, 1950. The Company's claim for refund in this case amounted to approximately \$400,000.

The Central Railroad Company of New Jersey has appealed its franchise tax assessments for the years 1948 and 1949 upon the ground that those assessments improperly included earnings of the Central Railroad Company of Pennsylvania. These appeals, which involve approximately \$650,000, still are pending before the New Jersey Division of Tax Appeals and it is anticipated that hearings will be commenced during the Spring of 1950.

N.B. An aggregate of \$1,425,020 principal amount of Interest Certificates was purchased with the \$690,331 of the tax refund monies allocated for the retirement of Interest Certificates.

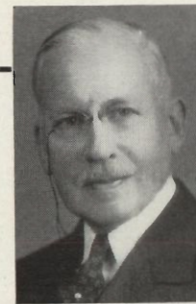
Summary of the Plan of Reorganization

On October 1, 1949, the properties of The Central Railroad Company of New Jersey were returned to the Company under the Plan of Modification approved by security holders and authorized by the Interstate Commerce Commission in July. Prior to that date all necessary action was taken to amend the Company's Charter and its General Mortgage in the manner necessary to carry out the Plan.

The Charter amendment divided the Company's common stock into Class A, consisting of 183,547 shares, and Class B, consisting of 274,368 shares; and provided for nine members on the Board of Directors. The Class A stock was issued to bondholders and Class B stock was issued in exchange for the Company's

old common stock upon a share for share basis. The two classes have equal rights in all respects except that the Class B stock shall be entitled to elect five members of the Board of Directors for a period of six years, with the Class A stock electing the remaining four. At the end of six years, if all of the Interest Certificates, referred to in the following paragraph, issued under the Plan have been retired, the Directors shall be elected by all shares voting as a single class with the right to vote cumulatively. If all of the Interest Certificates have not been retired at that time, the Class A stock will be entitled to elect five members of the Board, with the Class B stock electing the remaining four, and the stock will not vote as a single class until all Interest Certificates have been retired.

The supplement, known as the Sixth Supplemental Indenture, to the Company's General Mortgage provided for the issuance of \$48,731,000 principal amount of 3¼% Bonds, which equalled the principal amount of all of the old 5% Bonds and 4% Bonds outstanding, and the issuance of Non-Interest Bearing Interest Certificates, payable only from "available net income," in the principal amount of \$10,739,925, equalling the interest on the old Bonds accrued



Judge Walter P. Gardner, who served as a Federal Court Trustee for The Central Railroad Company of New Jersey throughout its recently-ended period of bankruptcy, died on November 12, 1949, at the age of 80, at the home of his son, Mr. Arthur Gardner, Short Hills, N. J.

Judge Gardner was named Co-Trustee for the railroad on November 28, 1939, with Mr. Shelton Pitney, and held office until October 1, 1949, when the railroad emerged from bankruptcy. Judge Gardner had served as sole Trustee since the death of Mr. Pitney on January 13, 1946.

and unpaid to July 1, 1949. The reduction in interest charges effected by the Sixth Supplemental Indenture amounts to \$802,892. "Available net income," as defined, is consolidated income available after fixed charges, subject to adjustment upon the happening of certain contingents, of The Central Railroad Company of New Jersey and its wholly-owned transportation subsidiaries, which are Central Railroad Company of Pennsylvania, Wharton and Northern Railroad Company and Jersey Central Transportation Company. For this reason these subsidiaries are included in the combined income account in this report and the Mount Hope Mineral Railroad is omitted.

In accordance with the terms of the Plan, the Sixth Supplemental Indenture provides for creation of a Capital Fund with a balance not to exceed \$2,500,000 at any given time, which may be used from time to time to meet the Company's need for capital expenditures or to pay fixed charges if unearned in any year.

The monies for the Capital Fund may be obtained (1) from refund of Federal income taxes; (2) from the sale of acreage owned

by the Company or its subsidiaries in the Elizabeth Meadows, and (3) from 50% of "available net income." So long as any Interest Certificates are outstanding, at least 50% of "available net income" must be applied to their retirement. The remaining 50% of such income may be applied to capital expenditures for the current year or to build up the Capital Fund to amount not in excess of \$2,500,000, but any of this 50% not so used must be applied to the retirement of Interest Certificates. After all of the Interest Certificates have been retired, 50% of "available net income" must be applied to retire General Mortgage Bonds and the remaining 50% may be applied to capital expenditures or to any other corporate purpose. When the outstanding principal amount of General Mortgage Bonds has been reduced to \$24,000,000, plus 50% of the principal amount of any Bonds issued hereafter, the lesser of 1% of the principal amount of General Mortgage Bonds then outstanding or 25% of "available net income" shall be applied to the retirement of General Mortgage Bonds and the remaining "available net income" may be applied for any other corporate purpose.



Board of Directors

With the return of The Central Railroad Company of New Jersey to corporate management, the railroad's nine-man Board of Directors was reconstituted to conform to the Plan of Modification. The members of the Board are:

Mr. Roy B. White of Baltimore, Md., President of the Baltimore and Ohio Railroad and Chairman of the Board of the Reading Company. Mr. White, who was President of the Central of New Jersey from 1926 to 1933, is Chairman of the new Board.

Mr. Revelle W. Brown of Philadelphia, Pa., President of the Reading Company, and a former Vice President of the Central of New Jersey.

Mr. J. Hamilton Cheston of Penllyn, Pa., President of the Philadelphia Saving Fund Society and a member of the boards of directors of the Baltimore and Ohio Railroad and the Reading Company.

Mr. William V. Griffin of Peapack, N. J., Chairman of the Board of Brady Security and

Realty Corporation of New York, and a member of the New Jersey State Racing Commission.

Mr. John W. Kress of Verona, N. J., Executive Vice President of the Howard Savings Institution of Newark, N. J.

Mr. Frank C. La Grange of Forest Hills, L. I., N. Y., senior partner of La Grange and Company of New York, a member of the New York Stock Exchange, and a member of the Chicago Board of Trade.

Mr. Earl T. Moore of Westfield, N. J., President of the Central of New Jersey and the railroad's Chief Executive Officer from November 1, 1947, to the termination of bankruptcy.

Mr. Fred N. Oliver of New York, N. Y., senior partner of Oliver and Donnally, New York law firm, and General Counsel of the National Association of Mutual Savings Banks.

Mr. William I. Woodcock, Jr., of Haverford, Pa., Vice President and General Counsel of the Reading Company.



One of the most important and busiest places on the Jersey Central Lines is the Elizabethport (N. J.) Shops of The Central Railroad Company of New Jersey. And shown here is the vast area covered by the shops and other important railroad installations in the area.

Located at Elizabethport are facilities for rebuilding and repairing Diesel-electric and steam locomotives, freight and passenger cars and other railroad equipment, and for the manufacture of parts for all types of railroad equipment. Also located here is the Jersey Central Lines' major materials supply base.

The shops, which employ about 800 persons when working at full capacity, have a floor space of 545,000 square feet and the grounds cover about 200 acres.

Principal points of interest in the area are:

- 1 Passenger Car Repair, Paint and Upholstery Shops.
- 2 Planing Mill.
- 3 Materials Storehouse.
- 4 Blacksmith Shop.
- 5 Freight Car Repair Shop.
- 6 Power House.
- 7 Materials Storehouse and Offices.
- 8 Freight Car Paint Shop.
- 9 Newark Bay Drawbridge, the longest four-track railroad bridge of its kind in the nation.
- 10 Singer Manufacturing Company.
- 11 Diesel-electric Locomotive Repair Shop.
- 12 Steam Locomotive Repair Shop.
- 13 Roundhouse.
- 14 Elizabethport Station Platforms, Waiting Room and Parking Area.
- 15 Driveway Entrance to Shops.
- 16 "RU" Tower, from which one of the most modern traffic control systems is operated and controlled.



Bayonne

Newark Bay



MAIN LINE to New York →

→ To Perth Amboy & Shore

Elizabethport

Public and Employee Relations

A public ceremony marking the end of The Central Railroad Company of New Jersey's ten-year period of bankruptcy was held at the Jersey City Terminal on October 3. More than 600 persons attended the noon-hour ceremony. Among those present were Mr. Theodore D. Parsons, Attorney General of the State of New Jersey, and representatives of 21 municipalities located along the lines of your railroads.

The highlight of the ceremony was the presentation to President E. T. Moore of a huge "Key of Freedom" by Judge Walter P. Gardner, who was Federal Court Trustee for the railroad during its period of bankruptcy.



During the year we initiated a mail order commutation ticket-selling plan in cooperation with 60 banks located along our lines.



Jersey Central Lines' No. 1 commuter—and probably the nation's No. 1 railroad commuter—Mr. A. Clinton Wilmerding observes his 90th birthday and his 66th year of traveling on our lines aboard one of our business cars provided him for the momentous occasion September 23, 1949. While Mr. Wilmerding, who commutes daily between Plainfield, N. J., and New York City, was breakfasting with members of his family, Conductor Stephen Geneske (above) presented him with a birthday card from the train crew.

A commuter having a regular checking account with any one of the 60 banks, fills out two simple forms—one placing an order for the regular mailing of a monthly commutation ticket and the other authorizing the bank to transfer an amount equalling the cost of the ticket from the checking account of the individual to the credit of the railroad.



During the past two years seven commuter clubs with about 800 members have been organized on the Jersey Central Lines. Under contracts with the railroad, the clubs lease for the exclusive use of their members regular coaches that have been equipped with air-conditioning and modernly-furnished interiors.

The clubs pay on a 15-year amortization basis the initial cost of installing plus the cost of maintaining the air-conditioning equipment.

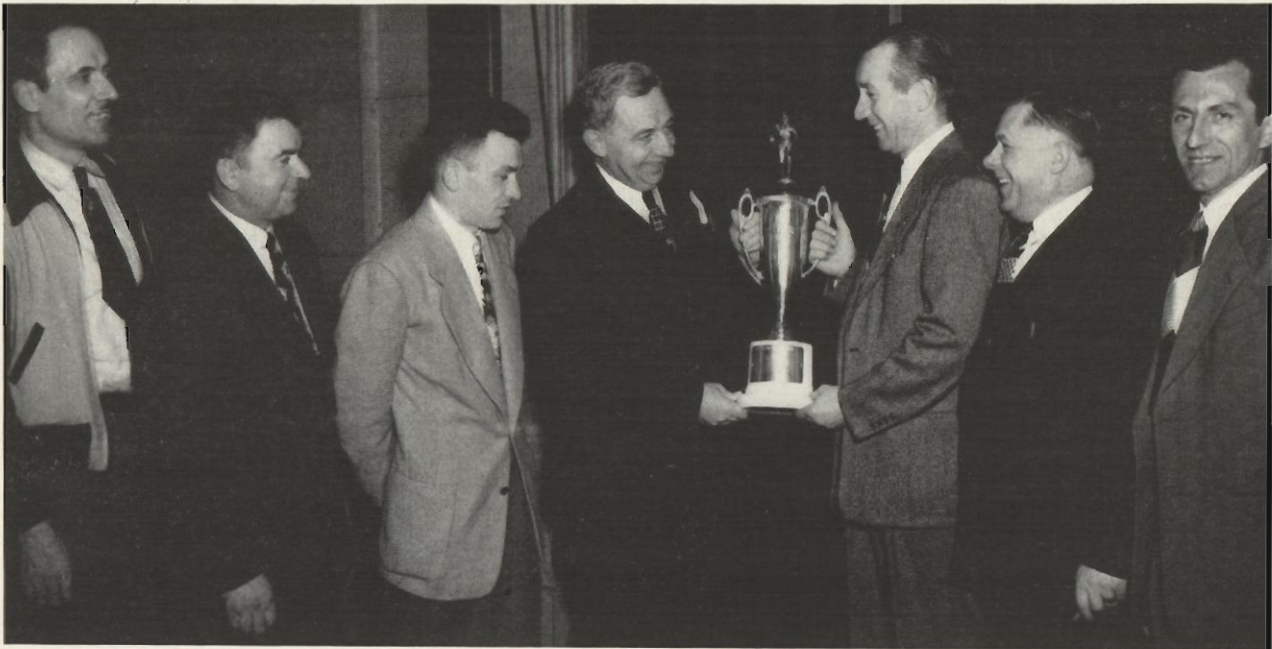


Our motion picture, "The BIG Little Railroad," a 25-minute film in color and sound which shows many of the Jersey Central Lines operations in New Jersey, Pennsylvania and New York, was shown to audiences totaling 57,972 persons during 1949. This brings to 91,203 the number of persons who have seen the film since its public premiere late in 1948.

The film is designed to better acquaint the public with the services performed by your railroads, and bookings for it can be made through the Director of Information's Office, Jersey Central Lines, The Terminal, Jersey City 2, N. J.



The Suggestion Plan of your companies, whose committees consist of representatives of management and labor, celebrated its fourth year of operation in 1949. In 1949, a total of 823 suggestions were submitted and of these 108 were accepted and given awards totaling \$1,066.50. This brought to 3,984 the number of suggestions received since the plan was inaugurated. Of this number 420 suggestions were adopted and placed in effect. The accepted suggestions have received awards totaling \$5,262.29.



The E. T. Moore Trophy, symbolic of the Jersey Central Lines' men's bowling championship, is presented to the Elizabethport Passenger Shop Team, winner of the 1948-1949 title, at our annual bowling banquet in Elizabeth, N. J. Left to right are: H. Ziobro, A. Barna, P. Albenesius, President Moore, P. Zegan, J. Yustak and S. Sokolowski.

Organized sports and recreational activities continue to attract wide interest among the employees and officers of the railroad.

About 600 men and girls are participating in bowling competition during the current 1949-50 season in leagues in New York, Elizabeth, N. J., and Allentown and Ashley, Pa. The 1949 softball season saw eight teams competing for the railroad championship which was won by the Mainway team, representing our Maintenance of Way Department.

Close to 4,000 employees and members of their families attended our annual boat-ride picnic to Rye Beach, N. Y., in 1949. The attendance was smaller than usual because of a wide outbreak of polio in the metropolitan New York area at the time.

The loyalty and cooperation of the Company's security holders, employees and patrons is appreciated.

By order of the Directors

President

April 1, 1950

Jersey Central Lines

The Central Railroad Company of New Jersey
Central Railroad Company of Pennsylvania

Wharton and Northern Railroad Company
Jersey Central Transportation Company

Combined Income Account (thousands of dollars)

	1949	1948
	<i>Percent Inc. or Dec.</i>	
LOADED CARS: (thousands)		
Merchandise	673.5 16.22*	803.8
Anthracite	109.9 19.31*	136.2
Bituminous	103.5 37.32*	165.1
Total Cars	886.9 19.75*	1,105.1
REVENUE:		
Freight:		
Merchandise	\$ 31,610 11.38*	\$ 35,667
Anthracite	9,534 16.34*	11,395
Bituminous	4,222 38.31*	6,843
Total Freight	45,366 15.85*	53,905
Passenger	6,482 4.41*	6,781
Mail	613 24.34	493
Express	308 56.56*	709
Other	1,809 17.78*	2,200
Total Revenue	\$ 54,578 14.84*	\$ 64,088
OPERATING EXPENSES:	<i>Operating Ratio</i>	<i>Operating Ratio</i>
Maintenance of Way	\$ 7,214 13.22	\$ 8,879 13.85
Maintenance of Equipment	9,478 17.36	10,829 16.90
Transportation	24,451 44.80	27,616 43.09
Other	3,834 7.02	3,977 6.20
Total Operating Expenses	\$ 44,977 82.40	\$ 51,301 80.04
NET REVENUE	\$ 9,601	\$ 12,787
Railway Tax Accruals	5,342	5,565
Hire of Equipment	68	310
Joint Facility Rents	200	198
Sub Total	\$ 5,610	\$ 6,073
NET OPERATING INCOME	\$ 3,991	\$ 6,714
Other Income	622	3,144
Total Income	4,613	9,858
Other Deductions	810	9,568
Fixed Charges	4,650	4,956
Sub Total	\$ 5,460	\$ 14,524
NET INCOME	\$ #847	\$ #4,666

Denotes Reverse Figure.

* Decrease.

Jersey Central Lines

The Central Railroad Company of New Jersey
Central Railroad Company of Pennsylvania

Wharton and Northern Railroad Company
Jersey Central Transportation Company

Income Account

(thousands of dollars)

	C.N.J.		C.R.P.		W&N		J.C.T.		TOTAL Excluding Inter-company Items	
	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948
REVENUE:										
Freight:										
Merchandise	\$21,725	\$24,317	\$ 9,564	\$11,028	\$311	\$312	\$10	\$10	\$31,610	\$35,667
Anthracite	4,420	5,144	5,114	6,246		5			9,534	11,395
Bituminous	2,280	3,881	1,919	2,925	23	37			4,222	6,843
Total Freight	28,425	33,342	16,597	20,199	334	354	10	10	45,366	53,905
Passenger	6,233	6,486	169	214			80	81	6,482	6,781
Mail	340	272	273	221					613	493
Express	226	528	82	181					308	709
Other	1,746	2,108	63	92					1,809	2,200
Total Revenue	\$36,970	\$42,736	\$17,184	\$20,907	\$334	\$354	\$90	\$91	\$54,578	\$64,088
OPERATING EXPENSES:										
Maintenance of Way	\$ 5,513	\$ 6,993	\$ 1,680	\$ 1,859	\$ 21	\$ 27			\$ 7,214	\$ 8,879
Maintenance of Equipment	6,209	7,110	3,260	3,710	9	9			9,478	10,829
Transportation	19,005	21,075	5,413	6,511	33	30			24,451	27,616
Other	2,913	3,045	785	807	39	34	\$97	\$91	3,834	3,977
Total Operating Expenses	\$33,640	\$38,223	\$11,138	\$12,887	\$102	\$100	\$97	\$91	\$44,977	\$51,301
NET REVENUE	\$ 3,330	\$ 4,513	\$ 6,046	\$ 8,020	\$232	\$254	\$#7		\$ 9,601	\$12,787
Railway Tax Accruals	4,533	4,705	780	836	29	24			5,342	5,565
Hire of Equipment	3,166	3,360	#3,108	#3,063	10	13			68	310
Joint Facility Rents	298	334	#98	#136					200	198
Sub Total	\$ 7,997	\$ 8,399	\$#2,426	\$#2,363	\$ 39	\$ 37			\$ 5,610	\$ 6,073
NET OPERATING INCOME	\$#4,667	\$#3,886	\$ 8,472	\$10,383	\$193	\$217	\$#7		\$ 3,991	\$ 6,714
Other Income	7,236	7,437	67	59	72	79			622	3,144
Total Income	2,569	3,551	8,539	10,442	265	296	#7		4,613	9,858
Other Deductions	803	9,564	7	4					810	9,568
Fixed Charges	2,132	2,476	3,882	4,872	14	9			4,650	4,956
Sub Total	\$ 2,935	\$12,040	\$ 3,889	\$ 4,876	\$ 14	\$ 9			\$ 5,460	\$14,524
NET INCOME	\$ #366	\$#8,489	\$ 4,650	\$ 5,566	\$251	\$287	\$#7		\$ #847	\$#4,666

Denotes Reverse Figure.

Jersey Central Lines

The Central Railroad Company of New Jersey
Central Railroad Company of Pennsylvania

Wharton and Northern Railroad Company
Jersey Central Transportation Company

Consolidated Balance Sheet

(Inter-Company Items Eliminated)

(Thousands of Dollars)

Assets	December 31, 1949	December 31, 1948	Increase or Decrease
<i>Investments:</i>			
Road and Equipment Property	\$162,321	\$161,295	\$ 1,026
Improvements on Leased Property	13,804	13,831	27
Donations and Grants	*3,024	*2,986	38
Investment in Transportation Property	\$173,101	\$172,140	\$ 961
Accrued Depreciation—Road	*4,615	*3,959	656
Accrued Depreciation—Equipment	*32,125	*32,392	267
Accrued Amortization of Defense Projects—Road	*420	*420	
Accrued Amortization of Defense Projects—Equipment	*9,990	*9,996	6
Investment in Transportation Property less recorded Depreciation and Amortization	\$125,951	\$125,373	\$ 578
Capital and Other Reserve Funds	97	1,540	1,443
Maintenance Funds		460	460
Miscellaneous Physical Property	1,083	1,237	154
Investments in Affiliated Companies:			
Stocks	3,342	3,334	8
Bonds	1,862	1,877	15
Other Secured Obligations	40	40	
Unsecured Notes	675	750	75
Investment Advances	4,175	4,145	30
Other Investments:			
Stocks	1,588	1,603	15
Bonds	903	3,793	2,890
Other Secured Obligations	11		11
Reserve for Adjustment of Investment in Securities	*1,729	*1,729	
Total Investments Less Recorded Depreciation and Amortization	\$137,998	\$142,423	\$ 4,425
<i>Current Assets:</i>			
Cash	\$ 4,406	\$ 5,864	\$ 1,458
Temporary Cash Investments	710	2,555	1,845
Special Deposits	809	543	266
Traffic and Car Service Balances—Debit	864	803	61
Net Balance Receivable from Agents and Conductors	945	1,114	169
Miscellaneous Accounts Receivable	3,016	3,961	945
Material and Supplies	4,666	4,649	17
Interest and Dividends Receivable	58	76	18
Accrued Accounts Receivable	934	1,078	144
Other Current Assets	74	62	12
Total Current Assets	\$ 16,482	\$ 20,705	\$ 4,223
<i>Deferred Assets:</i>			
Working Fund Advances	\$ 222	\$ 111	\$ 111
Insurance and other Funds	111	143	32
Other Deferred Assets	2,577	2,571	6
Total Deferred Assets	\$ 2,910	\$ 2,825	\$ 85
<i>Unadjusted Debits:</i>			
Prepayments	\$ 326	\$ 344	\$ 18
Discount on Funded Debt	69	81	12
Other Unadjusted Debits	676	763	87
Total Unadjusted Debits	\$ 1,071	\$ 1,188	\$ 117
Grand Total	\$158,461	\$167,141	\$ 8,680

* Denotes credit.

Jersey Central Lines

The Central Railroad Company of New Jersey
Central Railroad Company of Pennsylvania

Wharton and Northern Railroad Company
Jersey Central Transportation Company

Consolidated Balance Sheet

(Inter-Company Items Eliminated)

(Thousands of Dollars)

Liabilities

	December 31, 1949	December 31, 1948	Increase or Decrease
<i>Stock:</i>			
Capital Stock, Common	\$ 22,896	\$ 27,437	\$ 4,541
<i>Long Term Debt:</i>			
Funded Debt Unmatured:			
Equipment Obligations with Public	\$ 10,778	\$ 11,855	\$ 1,077
Mortgage Bonds with Public	48,731	48,731	
Interest Certificates	10,740		10,740
Total Long Term Debt	\$ 70,249	\$ 60,586	\$ 9,663
<i>Current Liabilities:</i>			
Traffic and Car Service Balances—Credit	\$ 2,263	\$ 2,654	\$ 391
Audited Accounts and Wages Payable	2,493	3,058	565
Miscellaneous Accounts Payable	1,116	1,090	26
Interest Matured Unpaid	1,025	234	791
Dividends Matured Unpaid	21	49	28
Unmatured Interest Accrued	54	58	4
Accrued Accounts Payable	1,298	882	416
Taxes Accrued	762	841	79
Other Current Liabilities	481	500	19
Total Current Liabilities	\$ 9,513	\$ 9,366	\$ 147
<i>Deferred Liabilities:</i>			
Interest in Default		\$ 16,707	\$ 16,707
Other Deferred Liabilities	\$ 176	128	48
Total Deferred Liabilities	\$ 176	\$ 16,835	\$ 16,659
<i>Unadjusted Credits:</i>			
Insurance Reserves		\$ 29	\$ 29
Maintenance Reserves		328	328
Other Unadjusted Credits	\$ 499	584	85
Accrued Depreciation—Leased Property	776	671	105
Total Unadjusted Credits	\$ 1,275	\$ 1,612	\$ 337
<i>Surplus:</i>			
Unearned Surplus	\$ 4,541		\$ 4,541
Earned Surplus—Appropriated	59,276	\$ 60,569	1,293
Earned Surplus—Unappropriated	†9,465	†9,264	201
Total Surplus	\$ 54,352	\$ 51,305	\$ 3,047
Grand total	\$158,461	\$167,141	\$ 8,680

† Denotes debit.

The Central Railroad Company of New Jersey

General Balance Sheet

Assets

	December 31, 1949	December 31, 1948	Increase or Decrease
<i>Investments:</i>			
Road and Equipment Property	\$145,095,051.26	\$144,168,320.41	\$ 926,730.85
Improvements on Leased Property	13,485,514.22	13,606,678.33	121,164.11
Donations and Grants	*3,016,274.48	*2,978,392.79	37,881.69
Investment in Transportation Property	\$155,564,291.00	\$154,796,605.95	\$ 767,685.05
Accrued Depreciation—Road	*4,566,638.79	*3,906,365.60	660,273.19
Accrued Depreciation—Equipment	*31,077,968.07	*31,784,818.04	706,849.97
Accrued Amortization of Defense Projects—Road	*420,494.71	*420,494.71	
Accrued Amortization of Defense Projects—Equipment	*6,720,440.52	*6,723,567.35	3,126.83
Investment in Transportation Property less recorded Depreciation and Amortization	\$112,778,748.91	\$111,961,360.25	\$ 817,388.66
Capital and Other Reserve Funds	97,347.50	1,526,053.58	1,428,706.08
Maintenance Funds		410,000.00	410,000.00
Miscellaneous Physical Property	1,072,822.29	1,225,447.74	152,625.45
Investments in Affiliated Companies:			
Stocks	6,217,706.02	6,210,396.02	7,310.00
Bonds	1,862,000.00	1,877,000.00	15,000.00
Other Secured Obligations	40,000.00	40,000.00	
Unsecured Notes	675,000.00	750,000.00	75,000.00
Investment Advances	4,174,905.13	4,145,105.90	29,799.23
Other Investments:			
Stocks	1,587,896.78	1,603,046.78	15,150.00
Bonds	303,049.50	2,817,486.69	2,514,437.19
Other Secured Obligations	10,604.80		10,604.80
Reserve for Adjustment of Investment in Securities	*1,728,934.00	*1,728,934.00	
Total Investments Less Recorded Depreciation and Amortization	\$127,091,146.93	\$130,836,962.96	\$ 3,745,816.03
<i>Current Assets:</i>			
Cash	\$ 3,227,412.91	\$ 2,875,447.64	\$ 351,965.27
Temporary Cash Investments	10,001.68	230,040.49	220,038.81
Special Deposits	740,669.93	465,896.38	274,773.55
Net Balance Receivable from Agents and Conductors	861,982.33	1,050,310.48	188,328.15
Miscellaneous Accounts Receivable	3,042,390.65	4,013,463.16	971,072.51
Material and Supplies	3,453,549.81	3,652,189.69	198,639.88
Interest and Dividends Receivable	46,858.38	54,824.37	7,965.99
Accrued Accounts Receivable	1,179,504.39	3,899,926.67	2,720,422.28
Other Current Assets	70,921.27	60,618.58	10,302.69
Total Current Assets	\$ 12,633,291.35	\$ 16,302,717.46	\$ 3,669,426.11
<i>Deferred Assets:</i>			
Working Fund Advances	\$ 219,474.75	\$ 110,355.81	\$ 109,118.94
Insurance and Other Funds	111,011.44	127,987.55	16,976.11
Other Deferred Assets	2,310,300.58	2,303,954.80	6,345.78
Total Deferred Assets	\$ 2,640,786.77	\$ 2,542,298.16	\$ 98,488.61
<i>Unadjusted Debits:</i>			
Prepayments	\$ 281,044.44	\$ 274,205.14	\$ 6,839.30
Discount on Funded Debt	9,598.27	11,521.13	1,922.86
Other Unadjusted Debits	605,912.94	651,978.97	46,066.03
Total Unadjusted Debits	\$ 896,555.65	\$ 937,705.24	\$ 41,149.59
Grand Total	\$143,261,780.70	\$150,619,683.82	\$ 7,357,903.12

* Denotes credit.

The Central Railroad Company of New Jersey

General Balance Sheet

Liabilities

	December 31, 1949	December 31, 1948	Increase or Decrease
<i>Stock:</i>			
Capital Stock,			
Common—Class "A"	\$ 9,177,350.00		
Class "B"	13,718,400.00		
Outstanding	\$ 22,895,750.00	\$ 27,436,800.00	\$ 4,541,050.00
<i>Long Term Debt:</i>			
Funded Debt Unmatured:			
Equipment Obligations with Public	\$ 1,400,000.00	\$ 1,566,986.24	\$ 166,986.24
Interest Certificates	10,739,925.00		10,739,925.00
Mortgage Bonds	48,731,000.00	48,731,000.00	
Total Long Term Debt	\$ 60,870,925.00	\$ 50,297,986.24	\$ 10,572,938.76
<i>Current Liabilities:</i>			
Traffic and Car Service Balances—Credit	\$ 2,263,328.98	\$ 3,112,399.41	\$ 849,070.43
Audited Accounts and Wages Payable	1,975,240.53	2,397,726.17	422,485.64
Miscellaneous Accounts Payable	936,275.37	1,199,143.84	262,868.47
Interest Matured Unpaid	1,023,412.50	231,606.46	791,806.04
Dividends Matured Unpaid	21,324.50	49,324.50	28,000.00
Unmatured Interest Accrued	7,659.17	8,206.25	547.08
Accrued Accounts Payable	1,169,623.05	784,147.78	385,475.27
Taxes Accrued	367,933.67	415,911.54	47,977.87
Other Current Liabilities	405,861.31	406,421.57	560.26
Total Current Liabilities	\$ 8,170,659.08	\$ 8,604,887.52	\$ 434,228.44
<i>Deferred Liabilities:</i>			
Interest in Default		\$ 16,706,835.00	\$ 16,706,835.00
Other Deferred Liabilities	\$ 170,898.38	127,742.10	43,156.28
Total Deferred Liabilities	\$ 170,898.38	\$ 16,834,577.10	\$ 16,663,678.72
<i>Unadjusted Credits:</i>			
Insurance Reserves		\$ 13,986.11	\$ 13,986.11
Maintenance Reserves		285,579.68	285,579.68
Other Unadjusted Credits	\$ 475,031.84	558,841.71	83,809.87
Accrued Depreciation—Leased Property	776,075.46	670,562.43	105,513.03
Total Unadjusted Credits	\$ 1,251,107.30	\$ 1,528,969.93	\$ 277,862.63
<i>Surplus:</i>			
Unearned Surplus	\$ 4,541,050.00		\$ 4,541,050.00
Earned Surplus—Appropriated	59,275,921.23	\$ 60,568,829.21	1,292,907.98
Earned Surplus—Unappropriated	†13,914,530.29	†14,652,366.18	737,835.89
Total Surplus	\$ 49,902,440.94	\$ 45,916,463.03	\$ 3,985,977.91
Grand Total	\$143,261,780.70	\$150,619,682.82	\$ 7,357,902.12

† Denotes debit.

Jersey Central Lines

The Central Railroad Company of New Jersey

Profit and Loss

Debit Balance December 31, 1948	\$14,652,366.18	
Debit Balance transferred from Income	365,706.07	
Surplus Appropriated for Investment in Physical Property	18,517.07	
Miscellaneous Debits	391,894.83	
Total Debits		\$15,428,484.15
Miscellaneous Credits		1,513,953.86
Debit Balance December 31, 1949		\$13,914,530.29

Long Term Debt

Mortgage Bonds

Per Cent	Date of Issue	Date of Maturity	Total Amount Issued	Held by Company	Amount Actually Outstanding	Interest Due
3 1/4 %	July 1, 1949	July 1, 1987	\$48,731,000.00		\$48,731,000.00	Jan. and July

Interest Certificates

July 1, 1949	July 1, 1987	\$10,739,925.00	\$10,739,925.00
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Equipment Trust Obligation

2 5/8 %	Oct. 15, 1948	Oct. 15, 1963	\$ 1,500,000.00	\$ 1,400,000.00	Apr. and Oct.
Grand Total Long Term Debt			\$60,870,925.00	\$60,870,925.00	

Central Railroad Company of Pennsylvania

Equipment Trust Obligations

Per Cent	Date of Issue	Date of Maturity	Total Amount Issued	Held by Company	Amount Actually Outstanding	Interest Due
2 1/4 %	June 15, 1944	June 15, 1959	\$ 3,720,000.00		\$ 2,480,000.00	June and Dec.
2 3/8 %	June 15, 1947	June 15, 1962	1,605,000.00		1,391,000.00	June and Dec.
2 3/8 %	July 15, 1947	July 15, 1962	3,750,000.00		3,250,000.00	Jan. and July
2 5/8 %	Apr. 15, 1948	Apr. 15, 1963	1,395,000.00		1,302,000.00	Apr. and Oct.
Total			\$10,470,000.00		\$ 8,423,000.00	

Conditional Purchase Contract

2.20 %	Jan. 30, 1948	Apr. 1, 1953	\$ 534,375.00	\$ 356,250.00	Monthly
Grand Total Long Term Debt			\$11,004,375.00	\$ 8,779,250.00	

Wharton and Northern Railroad Company

Conditional Purchase Contracts

Per Cent	Date of Issue	Date of Maturity	Total Amount Issued	Held by Company	Amount Actually Outstanding	Interest Due
1.64%	Dec. 1, 1946	Nov. 1, 1954	\$144,020.00		\$ 88,500.00	Monthly
1.64%	Jan. 1, 1947	Dec. 1, 1954	144,020.00		90,000.00	Monthly
1.64%	Mar. 1, 1947	Feb. 1, 1955	144,020.00		93,000.00	Monthly
2.50%	July 1, 1948	June 1, 1956	409,279.00		327,600.00	Monthly
Total			\$841,339.00		\$599,100.00	

Jersey Central Lines

Marketable Securities (*)

	Date of Maturity	Owned by Company	
		Par Value	Book Value
The Central Railroad Company of New Jersey			
U. S. Government Treasury Bonds, 2½ %	1962-67	\$ 300,000.00	\$ 300,000.00
U. S. Government Certificate of Indebtedness, 1½ %, Series "G"	1950	10,000.00	10,001.68
		\$ 310,000.00	\$ 310,001.68
Central Railroad Company of Pennsylvania			
U. S. Government Treasury Notes, 1½ %, Series "A"	1950	\$ 500,000.00	\$ 500,000.00
U. S. Government Certificate of Indebtedness, 1¼ %, Series "A"	1950	700,000.00	700,000.00
		\$ 1,200,000.00	\$ 1,200,000.00
Wharton and Northern Railroad Company			
U. S. Government Treasury Notes, 1½ %, Series "A"	1950	\$ 100,000.00	\$ 100,000.00
TOTAL—Marketable Securities—(Dec. 31, 1949)	JERSEY CENTRAL LINES	\$ 1,610,000.00	\$ 1,610,001.68

JERSEY CENTRAL LINES

(*) "Marketable securities" are Government securities which are not deposited, pledged or otherwise committed.

Securities Deposited or Held for Specific Purposes

The Central Railroad Company of New Jersey

New York City Bonds, 3%	1980	\$ 72,400.00-A	\$ 73,931.00
New York City Bonds, 4%	1956	300.00-A	297.00
New York City Bonds, 4¼ %	1964	10,700.00-B	10,987.50
U. S. Government Treasury Bonds, 2½ %	1967-72	5,000.00-C	5,104.69
U. S. Government Treasury Bonds, 2½ %	1967-72	10,000.00-C	10,000.00
U. S. Government Treasury Bonds, 2½ %	1967-72	10,000.00-D	10,331.25
TOTAL—Deposited or held Securities		\$ 108,400.00	\$ 110,651.44

JERSEY CENTRAL LINES

A	Deposited with the City of New York under agreements	\$72,700.00
B	Deposited with the State of New York (State Industrial Commission)	10,000.00
B	Deposited with the City of New York under agreements	700.00
C	Deposited with the State of New York (State Industrial Commission)	5,000.00
C	Deposited with the Federal Reserve Bank of New York under agreements with the U. S. Employees Compensation Commission	10,000.00
D	Deposited with State of Massachusetts (Dep't of Industrial Accidents)	10,000.00

Jersey Central Lines

Bonds—Affiliated Companies

	Date of Maturity	Total Amount of Issue as of December 31, 1949	Owned by Company	
			Par Value	Book Value
The Central Railroad Company of New Jersey				
Allentown Terminal R. R. Co., 4½% First Mortgage Gold Bonds	1954	\$ 450,000.00	\$ ⊕205,000.00	\$ 205,000.00
Dover and Rockaway R. R. Co., 6% First Mort- gage Bonds	Demand *	35,000.00	⊕35,000.00-M	35,000.00
New York and Long Branch R. R. Co., 4% Cons. Mtge. Gold Bonds, Series "B"	1981	2,722,000.00	⊕1,361,000.00	1,361,000.00
New York and Long Branch R. R. Co., 5% Cons. Mtge. Gold Bonds, Series "A"	1979	538,000.00	⊕269,000.00	269,000.00
Total		x x x	\$ 1,870,000.00	\$ 1,870,000.00

M-Deposited with Hudson Trust Co., Hoboken, N. J. Trustee, under the Dover and Rockaway R. R. Mortgage

\$ 8,000.00

⊕ Pledged under the Sixth Supplemental Mortgage.

* Past Due

Bonds—Nonaffiliated Companies

The Central Railroad Company of New Jersey

	Date of Maturity	Total Amount of Issue as of December 31, 1949	Owned by Company	
			Par Value	Book Value
New York City Bonds, 4%	1959		\$ 50.00	\$ 50.00
New York City Bonds, 4½%	1957		3,000.00	3,000.00
Total			\$ 3,050.00	\$ 3,050.00

Notes and Mortgages

The Central Railroad Company of New Jersey

Edroyal Corporation, 1½%	On Demand	\$ 675,000.00	\$ ⊕675,000.00	\$ 675,000.00
Penn Haven Realty Company, 4%	When Called	40,000.00	⊕40,000.00	40,000.00
Total Notes and Mortgages			\$ 715,000.00	\$ 715,000.00

⊕ Pledged under the Sixth Supplemental Mortgage.

Jersey Central Lines

Stocks—Affiliated Companies

The Central Railroad Company of New Jersey	Percent of Ownership	Owned by Company	
		Par Value	Book Value
Allentown Terminal R. R. Co. Pledged	50%	\$ 224,850.00	\$ 224,850.00
Allentown Terminal R. R. Co. Unpledged		150.00	150.00
		\$ 225,000.00	\$ 225,000.00
Bay Shore Connecting R. R. Co. Pledged	50%	\$ 27,500.00	\$ 27,500.00
Bay Shore Connecting R. R. Co. Unpledged		400.00	400.00
		\$ 27,900.00	\$ 27,900.00
Central R. R. Co. of Pennsylvania Pledged	100%	\$1,828,400.00	\$1,828,400.00
Central R. R. Co. of Pennsylvania Unpledged		1,700.00	1,700.00
		\$1,830,100.00	\$1,830,100.00
Communipaw Central Land Co. Pledged	100%	\$ 1,500.00	\$ 1,500.00
Communipaw Central Land Co. Unpledged		500.00	500.00
		\$ 2,000.00	\$ 2,000.00
Dover and Rockaway R. R. Co. Pledged	63.8%	\$ 95,000.00	\$ 91,217.67
Dover and Rockaway R. R. Co. Unpledged		700.00	737.33
		\$ 95,700.00	\$ 91,955.00
Edroyal Corporation Pledged	100%	\$ 749,700.00	\$ 749,700.00
Edroyal Corporation Unpledged		300.00	300.00
		\$ 750,000.00	\$ 750,000.00
Elizabethport and New York Ferry Co. Pledged	100%	—	—
Elizabethport and New York Ferry Co. Unpledged		1,455.00	1,455.00
		\$ 1,455.00	\$ 1,455.00
Hunter Run Water Co. Pledged	100%	\$ 4,875.00	\$ 3,116.12
Hunter Run Water Co. Unpledged		125.00	79.90
		\$ 5,000.00	\$ 3,196.02
Jersey Central Transportation Co. Pledged	100%	\$ 19,500.00	\$ 19,500.00
Jersey Central Transportation Co. Unpledged		500.00	500.00
		\$ 20,000.00	\$ 20,000.00
Mount Hope Mineral R. R. Co. Pledged	68.3%	\$ 108,800.00	\$ 223,206.98
Mount Hope Mineral R. R. Co. Unpledged		500.00	1,025.77
		\$ 109,300.00	\$ 224,232.75
New York and Long Branch R. R. Co. Pledged	50%	\$1,999,400.00	\$1,999,400.00
New York and Long Branch R. R. Co. Unpledged		600.00	600.00
		\$2,000,000.00	\$2,000,000.00
Penn-Haven Realty Co Pledged	100%	\$ 14,850.00	\$ 14,850.00
Penn-Haven Realty Co Unpledged		150.00	150.00
		\$ 15,000.00	\$ 15,000.00
Railway Express Agency, Inc. Pledged	1.1%	No par value	\$ 1,100.00
Railway Express Agency, Inc. Unpledged		—	—
		—	\$ 1,100.00
Wharton and Northern R. R. Co. Pledged	100%	\$ 499,300.00	\$1,024,331.18
Wharton and Northern R. R. Co. Unpledged		700.00	1,436.07
		\$ 500,000.00	\$1,025,767.25
Total		\$5,581,455.00	\$6,217,706.02

Jersey Central Lines

Stocks—Other Investments

The Central Railroad Company of New Jersey

Lehigh and Hudson River Ry. Co.	.	.	.	Pledged	16.7%	\$ 786,900.00	\$ 748,192.12
Lehigh and Hudson River Ry. Co.	.	.	.	Unpledged		100.00	95.08
						\$ 787,000.00	\$ 748,287.20
Raritan River R. R. Co.	.	.	.	Pledged	49.5%	\$ 494,900.00	\$ 838,931.52
Raritan River R. R. Co.	.	.	.	Unpledged		400.00	678.06
						\$ 495,300.00	\$ 839,609.58
Total	.	.	.	.	.	\$1,282,300.00	\$1,587,896.78

Wharton and Northern Railroad Company

Newark Concrete Pipe Co.	.	.	.	.		*	51.02	
TOTAL—Stocks—						JERSEY CENTRAL LINES	\$6,863,755.00	\$7,805,653.82

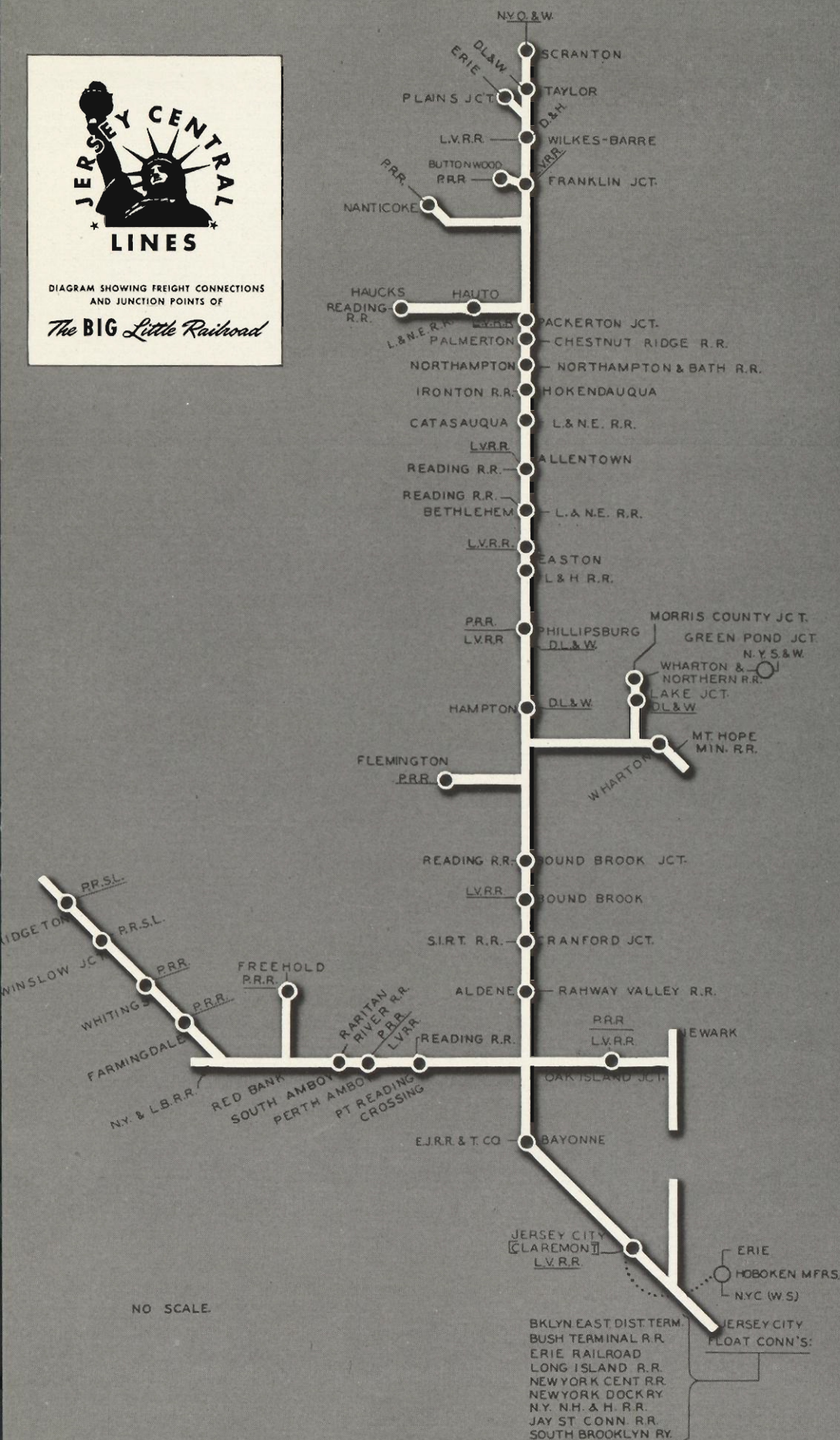
* Without nominal or par value

Securities shown as pledged are pledged under the Sixth Supplemental Mortgage.



DIAGRAM SHOWING FREIGHT CONNECTIONS
AND JUNCTION POINTS OF

The BIG Little Railroad



THE JERSEY CENTRAL LINES

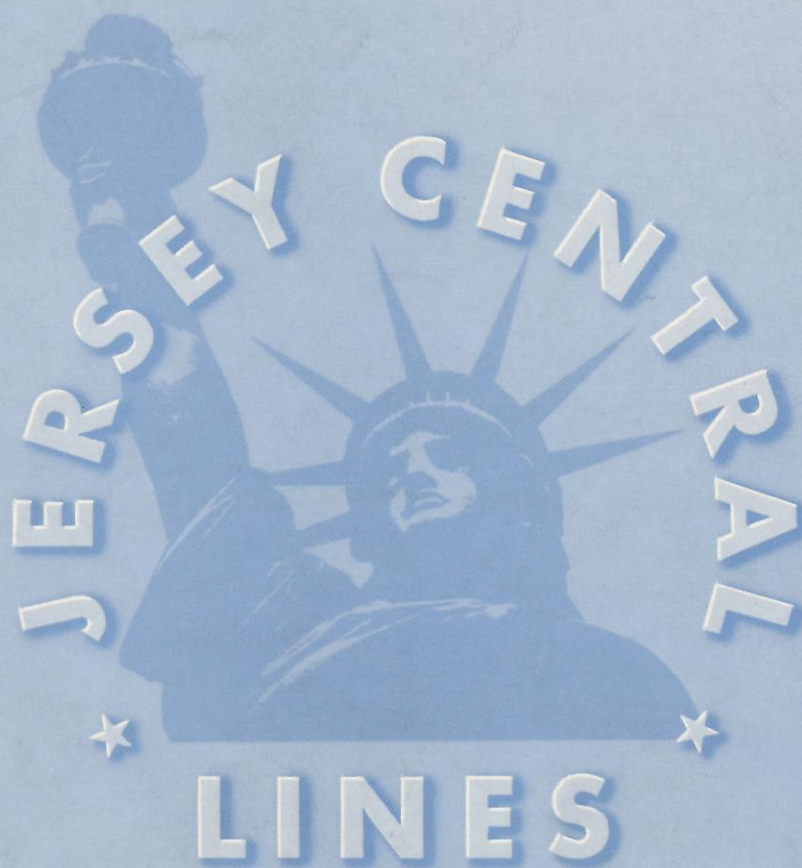
has 65 connections with
other railroads, and the
map to the left shows the
major ones.

Jersey Central Lines

Freight Traffic Agencies

The Jersey Central Lines maintains Freight Traffic Agencies in major cities as listed below. Agents in charge of these offices are ready to give every assistance to shippers. You can help us by urging your shipper friends to ask these Agents about Jersey Central Lines service. Or tell your nearest Agent of prospective business that comes to your attention. He'll carry on from there, promptly, courteously and thoroughly.

ALBANY 7, NEW YORK	J. C. Powers, General Agent 11 The Plaza—Phone Albany 3-4547
ALLENTOWN, PENNSYLVANIA	J. H. Weiss, Division Freight Agent 804-806 Allentown National Bank Building Phone Allentown 6136
BOSTON 10, MASSACHUSETTS	C. H. McNab, General Agent 406-407 Chamber of Commerce Building Phone Liberty 5320
BUFFALO 3, NEW YORK	C. R. Everding, General Agent 532 Ellicott Square Phone Washington 1274
CHICAGO 3, ILLINOIS	W. D. Wakeman, General Western Freight Agent 3324 Bankers Building, 105 West Adams Street Phone Randolph 1816
CLEVELAND 14, OHIO	F. F. Siegel, General Agent Room 407, Park Building Phone Cherry 0968
DETROIT 26, MICHIGAN	E. P. Seiwert, General Agent 622-623 Lafayette Building Phone Woodward 3-4396
LONG BRANCH, NEW JERSEY	H. E. Garrison, Division Freight Agent Phone Long Branch 486 Ext. 11
NEWARK 2, NEW JERSEY	E. T. Ginder, Division Freight Agent Broad Street Station Building Phone Market 2-5300
NEW YORK 6, NEW YORK	B. J. McSweeney, General Freight Agent 143 Liberty Street Phone Barclay 7-9700
PHILADELPHIA 2, PENNSYLVANIA	F. H. Hicks, Assistant General Freight Agent Room 1610, Girard Trust Co. Bldg. 1400 South Penn Square Phone Rittenhouse 7390
PITTSBURGH 22, PENNSYLVANIA	C. E. Armstrong, General Agent Room 801-802, Park Building Fifth Avenue and Smithfield Street Phone Atlantic 7404
ST. LOUIS 2, MISSOURI	F. H. Witting, General Agent 1035-1036 Boatmen's Bank Building Phone Central 4760
NEW YORK 6, NEW YORK	Don Y. Smith <i>Chief Freight Traffic Officer (CRR of NJ)</i> Richard J. Sullivan <i>Freight Traffic Manager (Sales and Service)</i> John F. Hourigan <i>Freight Traffic Manager (Rates)</i> James S. Watson <i>General Coal Freight Agent</i>



The BIG Little Railroad

